



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	SB0386	<b>Title:</b>	Revising late file penalty, filing, and withholding for pass-through entities
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<b>Primary Sponsor:</b>	Cohenour, Jill	<b>Status:</b>	As Introduced
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- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$570,000	\$570,000	\$570,000	\$570,000
<b>Net Impact-General Fund Balance:</b>	<u>\$570,000</u>	<u>\$570,000</u>	<u>\$570,000</u>	<u>\$570,000</u>

**Description of fiscal impact:** SB 386 revises filing and withholding requirements for pass-through entities and limits the penalty for a pass-through entity failing to file a required report to a maximum of \$2,500 per tax period.

### FISCAL ANALYSIS

#### Assumptions:

1. This bill limits the penalty for a pass-through entity failing to file a required report to a maximum of \$2,500 per tax period. While current law does not place a limit on these penalties, it also allows the department to waive penalties for reasonable cause.
2. The bill would revise filing requirements for pass-through entities by eliminating non-resident consent agreements and second-tier pass-through statements. It would reduce the reporting requirements for some pass-through entities by establishing a minimum distribution threshold.
3. Out of the nearly 216,000 owners of pass-through entities with Montana source income, about 135,000, or 63%, are non-resident businesses or individuals. Revising the filing requirements will have some impact on revenues; the Department of Revenue estimates additional general fund revenues of \$570,000 based upon its most recent compliance experience.

<b><u>Fiscal Impact:</u></b>	<b><u>FY 2016 Difference</u></b>	<b><u>FY 2017 Difference</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>
<b><u>Expenditures:</u></b>				
TOTAL Expenditures	\$0	\$0	\$0	\$0
<b><u>Funding of Expenditures:</u></b>				
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<b><u>Revenues:</u></b>				
General Fund (01)	\$570,000	\$570,000	\$570,000	\$570,000
TOTAL Revenues	\$570,000	\$570,000	\$570,000	\$570,000
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$570,000	\$570,000	\$570,000	\$570,000

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Sponsor's Initials

\_\_\_\_\_  
Date

\_\_\_\_\_  
Budget Director's Initials

\_\_\_\_\_  
Date